Senate Standing Committee on Corporations, Authorities, and Commissions and Senate

and the

Standing Committee on Energy and Telecommunications

Hearing on Public Service Commission's Proceedings

Testimony of New York State Department of Public Service

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Good morning, Chair Comrie, Chair Parker, and distinguished legislative members. My name is Rory Christian, and I serve as the Chief Executive Officer of the Department of Public Service and the Chair of the Public Service Commission. The welfare of all New Yorkers and the strength of our state's economy depend on safe, reliable, and affordable energy. It is with this understanding that 120 years ago, the Commission was established. The Commission oversees the utilities that own and operate the infrastructure behind the delivery of these essential services.

Our mission is simple: to ensure that regulated utilities provide safe, reliable service at just and reasonable rates, in alignment with State law, including Public Service Law and the Climate Leadership and Community Protection Act, or Climate Act. With more than 560 Department staff, seven Commissioners, and an FY 2025 operating budget of over $140 million, we deliver benefits that far exceed our operating costs.

The work of the Commission and the policies and procedures for which we are responsible are not developed in isolation—they reflect decades of planning, decades of experience. The Commission's responsibility is to anticipate challenges before they arise and prepare utilities to respond to the unexpected. In doing so, we guide our energy system forward in the best interest of ratepayers.

One of the, if not the, greatest challenge before the Commission is the modernization of the electric grid. This is not a one-time project with a fixed endpoint, it is, and will be, a continual process to assess existing infrastructure and identify opportunities for optimization and improvement. A key consideration in any process, particularly one as significant in scope and duration as modernizing the grid, is the need to prepare for uncertainty. Recent months have reminded us that unexpected shocks are inevitable; our task is to plan for a wide array of possible outcomes.

For decades, the Commission has maintained strong oversight of the State's utilities and other regulated entities. An oversight role that continues to evolve through transparent, public processes. Controlling costs remains a central function, and its importance has only grown due to macroeconomic, technical and practical challenges affecting utilities worldwide.

Central to the challenges we face, is the reality that much of our utility infrastructure is nearing or has already reached the end of its useful life, requiring significant investments to maintain operation. Replacing our aging assets with modern infrastructure is more expensive than ever before due to cost pressures beyond the Commission's control: inflation, high interest rates and supply-chain emanating from the COVID-19 pandemic. These are amplified by the fact that New York is not alone in the need to modernize systems—we are competing with every other state and country for a limited pool of resources. These cost pressures are further compounded by additional drivers beyond the Commission's control that are driving up rates. The utilities face steadily rising expenses related to labor, health care, information technology systems and property taxes, especially acute in New York City and Nassau County.

As you all know well, one of the Commission's key responsibilities is to review rate cases. It is not unusual for a Department Staff team of more than 40 individuals to work on a major electric or gas case during the typical 11-month review period—although in recent years, some cases have extended to as long as 15 months or more due to their increased complexity. In 2025, the Commission decided four major electric, gas, and water utility rate cases, adopting rates significantly lower than the utilities initially sought, avoiding roughly half a billion in costs to ratepayers. Staff employ mechanisms to limit excessive capital expenditures, incentivize efficient spending and impose financial consequences on utilities for poor performance. Various cost-recovery methods are also used to spread impacts on rates over the life of each investment.

This entire rate case process depends on robust and transparent public engagement. Stakeholders may participate formally by presenting testimony, defending it under oath through cross-examination, and engaging in the process from start to finish to help shape outcomes. While others may participate indirectly by filing comments or engaging in public statement hearings. Local governments, special interest organizations, large customers, and other individuals can choose either path of engagement. These contributions help build a detailed evidentiary record.

Of course, our own subject matter experts also file testimony in response to every aspect of a utility rate filing. With this robust record, the Commission evaluates the evidence and takes actions consistent with its statutory mandate to ensure safe and adequate service. This process is essential and by law requires the Commission to act to set rates that are sufficient to cover a utility's necessary expenses. If the Commission does not act, then New York State law requires that the utility be granted their original proposal.

The Commission continuously identifies opportunities to strengthen utility oversight. Management and operations audits evaluate current practices and identify improvements to maximize ratepayer value. Audits are performed across multiple utilities, within specific utilities and on targeted issue areas. This comprehensive approach allows Staff to both identify industry-wide best practices and scrutinize individual utility operations.

In 2025, the Commission initiated the Comprehensive Incentive Management Compensation Audit to concurrently and holistically evaluate practices across the State's electric, gas, and water utilities. Our goal is to ensure executive compensation is tied to improved service, better reliability, and affordability, rather than other outcomes that solely benefit shareholders. In addition to conducting audits, we routinely investigate utilities when there is evidence of wrongdoing. When violations are identified, the Commission imposes penalties. Since the beginning of 2020, Staff and the Commission have secured roughly $224.9 million from utility shareholders for the express benefit of ratepayers.

The Commission is also advancing nation-leading policies to provide financial assistance to vulnerable households. Almost a decade ago, the Commission established a target energy burden, or the percentage of a customer's income that is spent on energy, at or below six percent for low-income households. Since then, we've refined the Energy Affordability Program (EAP) and brought relief to over 1 million low-income households with billions of dollars in utility bill relief. In July of this year, the Commission adopted an Enhanced Energy Affordability Policy (EEAP) to support moderate-income utility customers who do not qualify for existing low-income energy programs, significantly broadening affordability protections beyond the existing programs.

Now I want to focus on the Commission's leadership in advancing the Climate Act. These generic proceedings are mechanisms to enhance synergies and reduce costs—everything from customer-sided solutions to mitigate bill impacts, to transmission and distribution planning across the local and bulk systems. Two weeks ago, the Commission released a report updating progress on compliance with the Climate Act and document the costs incurred to date. The report also highlights Commission actions related to implementing Sections 7(2) and 7(3), which requires State agencies to ensure their decisions do not impede the attainment of statewide greenhouse gas (GHG) limits and to prioritize GHG reductions in disadvantaged communities.

Building on that mandate, in May of this year, the Commission authorized $1 billion in annual energy efficiency and beneficial electrification (EE/BE) investments to support both low- to moderate-income households across the State. To mitigate the rate impacts of this decision, the Commission reallocated funds from other successful programs. The $360 million in surplus funds from the NY-Sun program will support 24 percent of the budget for NYSERDA's EE/BE programs, with another $340 million providing near-term relief to ratepayers.

These programs build on what we know works, prioritizing weatherization and energy efficiency efforts that help reduce customer bills and the overall demand on the grid. Through the Commission's Grid of the Future proceeding, we are building on the confluence of consumer trends and previous Commission actions to drive savings for New Yorkers. Recent analysis shows that New York State's 2040 grid flexibility potential is significant enough to save consumers $2.4 billion annually.

To complement these consumer centric solutions, the Commission is proactively planning system needs from top to bottom. With the Coordinated Grid Planning Process (CGPP) and the Proactive Planning Proceeding, we are unifying and streamlining efforts to plan for bulk and local system needs. These Commission actions are aligned with the Accelerated Renewables and Community Benefit Growth Act and will make it easier to electrify buildings and transportation and integrate renewables and zero-emission technologies.

These are just a handful of examples, but they are indicative of the Commission's commitment to advance Climate Act goals in line with the public interest. As you all know well, demonstrating leadership means making hard decisions, being transparent in those decisions and being consistent in approaches while staying true to legal mandates. It is my hope that the outcome of this discussion is a recognition that the only way forward is together. And we, at the Department and the Commission, are earnest in our desire to do so. This concludes my remarks. I welcome your questions.